

AMENDMENTS TO THE SPECIFICATION

The replacement paragraphs will replace all prior versions of the paragraphs in the application. Please substitute the following amended paragraph(s) and/or section(s):

The following paragraph is to replace the third full paragraph on page 2.

The specified events belong to a class of events described here as “operational risk events”, and the first claim is referred to as a “contingent equity for operational risk events” or CEORE. “Operational risk” is a term known in the financial industry, where a favoured definition is “the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events”. Operational risk events include, for example, problems with staff and organisation, relationships with other companies (particularly counterparts in commercial relationships), ~~legal risk~~, technology, external environment problems, and disasters such as “acts of God”. The events preferably do not include any of the following events which we do not regard as operational risk events: a change in price of debt or equity instruments or claims, foreign exchange rates or their various derivatives, nor business or strategic events such as marketing strategies.

The following paragraph is to replace the seventh paragraph on page 5.

The initial claim or instrument is issued at t_i 104 as a form of debt that expires and is redeemed at t_r , 106, with a time to expiration of $T = (t_r - t_i)$ indicated by 108. If no qualifying operational risk event takes place prior to t_r , 106, then the instrument expires at t_r , 106 and is redeemed in accordance with the terms of the prospectus ~~or agreement between the parties~~. This can be seen in Figure 1(a).